

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02

SS-15 USIA-15 EB-08 COME-00 OMB-01 TRSE-00 STR-04

XMB-04 OPIC-06 /101 W

-----181350Z 120948 /43

R 181045Z APR 77

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7042

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS UNN

UNCLAS TOKYO 5589

E. O. 11652: N/A

TAGS: EFIN, JA

SUBJ: JAPANESE REACTION TO U.S. DROPPING OF TAX REBATE PROPOSAL

1. SUMMARY: PUBLIC REACTION TO RPESIDENT CARTER'S ANNOUNCEMENT THAT U.S. WILL NOT SEEK TAX REBATES AS PART OF ITS RECOVERY PROGRAM HAS BEEN MIXED BUT MODERATE. DESPITE SOME CONCERNS THAT THE U.S. DECISION TO DROP TAX REBATE PLAN AND CONTINUING GERMAN RELUCTANCE TO INITIATE STRONG STIMULUS PROGRAM LEAVE JAPAN ISOLATED AS "SOLE ENGINE" FOR LEADING WORLD RECOVERY, SUCH STATEMENTS AS THERE HAVE BEEN BY GOVT AND PRIVATE SECTOR FIGURES BASICALLY REFLECT VIEW THAT JAPAN'S OWN RECOVERY EFFORTS SHOULD NOT BE DIMINISHED AS RESULT OF U.S. DECISION. END SUMMARY.

2. PRESS COMMENTS SUGGEST PIQUE IN SOME QUARTERS THAT U.S. GOVT DECISION TO DROP TAX REBATE PROPOSAL HAS LEFT JAPAN AS LONE POINT MAN ON RECOVERY PATROL, WHILE U.S. SLIPS BACK INTO TENT IT COULDN'T PERSUADE GERMANY TO LEAVE. COMMENTARY IN ENGLISH-LAN-UNCLASSIFIED

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GUAGE JAPAN TIMES, FOR EXAMPLE, CITES GOVT OFFICIALS AS COMPLAINTING THAT JAPAN HAS BEEN ASKED TO STIMULATE ECONOMY AT SAME TIME AS U.S. AND GERMANY ARE "LOSING STEAM" LEAVING JAPAN ONLY "LOCOMOTIVE" PULLING WORLD TOWARD RECOVERY. SAME ARTICLE NOTES, HOWEVER, THAT COMPLAINTS ABOUT JAPAN BEING "ISOLATED" ON DIFFICULT INTL ISSUES ARE NOT UNCOMMON HERE.

3. REACTION, HOWEVER, GENERALLY STRESSES NEED FOR JAPAN TO CONTINUE ITS EFFORTS TO RESTORE VIGOR TO RECOVERY. ECONOMIC PLANNING AGENCY COORDINATION BUREAU'S DIRECTOR GENERAL ISAMU MIYAZAKI TOLD PRESS GOVT HAS NO INTENTION TO CHANGE BASIC POLICY AT THIS TIME. WELL-KNOWN PRIVATE JAPANESE ECONOMIST HISAO KANAMORI, CHAIRMAN, JAPAN ECONOMIC RESEARCH CENTER, SIMILARLY STRESSED THAT JAPAN SHOULD NOT LET U.S. DECISION AFFECT ITS OWN EXPANSIONARY PLANS. NATIONS'S LEADING ECONOMIC NEWSPAPER (NIHON KEIZAI) ALSO DESCRIBED WHAT IT APPEARS TO CONSIDER GENERAL VIEW AMONG JAPANESE OFFICIALS THAT RECENT FISCAL AND MONETARY STIMULUS PROGRAMS WERE ADOPTED TO MEET DOMESTIC ECONOMIC AND POLITICAL OBJECTIVES RATHER THAN MERELY TO ASSIST WORLD ECONOMIC RECOVERY. RECENT ECONOMIC DATA INDICATING DOMESTIC RECOVERY PACE REMAINS SLUGGISH HAVE SPURRED CALLS FOR FURTHER STIMULUS (PARTICULARLY GREATER MONETARY EASE); AND DISCUSSION OF POSSIBLE ADDITIONAL STIMULUS IS LIKELY TO GET MORE NOTICE THAN U.S. DECISION ON TAX REBATES.
SHOESMITH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC RECOVERY, TAXES, PUBLIC ATTITUDES
Control Number: n/a
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770133-1178
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From: TOKYO
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770445/aaaabmxz.tel
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Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2770762
Secure: OPEN
Status: NATIVE
Subject: JAPANESE REACTION TO U.S. DROPPING OF TAX REBATE PROPOSAL
TAGS: EFIN, ECON, JA, US, XX
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/a95c3aa3-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009